

The complaint

Mr M complains that American Express Services Europe Limited (AESEL) trading as American Express suspended the use of his credit cards following a returned direct debt payment.

What happened

I previously issued a provisional decision on this case. That's because I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision on the matter. I have copied my provisional decision below, which also forms part of this final decision.

"On 11 December 2022, AESEL attempted to collect a direct debit payment from Mr M's bank account. The payment was collected from an account that Mr M was no longer using, and so the direct debit was returned as unpaid due to their being insufficient funds in the account to cover the payment.

Mr M made a manual payment to cover the full statement balance and paid this before the payment due date.

AESEL sent Mr M a letter and an email on 26 December 2022, to let Mr M know that the direct debt had been returned, and a suspension placed on the account until a replacement payment had been received.

Mr M says that on 26 December 2022, as a result of his card being suspended, he couldn't collect train tickets from the station, which meant that a relative had to drive 80 miles to get him and also purchase new tickets for him because he was left without any funds. When Mr M tried to contact AESEL on the phone, he couldn't speak to anyone who could help him because the office was closed, and so he had to wait until the next day to have the suspension removed. Mr M would like reimbursing the cost of the new tickets, reimbursement of fuel costs he paid to a family member and a compensation award for the inconvenience of what happened.

AESEL didn't uphold Mr M's complaint. It said it hadn't made a mistake when it suspended the use of his card. And so, it wouldn't be taking any further action.

Mr M was unhappy with AESEL's response – especially given that he says he was told by a manager at AESEL that an error had occurred.

The Investigator looked at Mr M's complaint and upheld it in part. They didn't think that AESEL had done anything wrong when it blocked the card. And they thought that Mr M could have still collected the tickets from the station (even with the account suspended), or downloaded them online, so they didn't think that AESEL needed to reimburse Mr M the cost of the tickets or other costs associated with Mr M not being able to collect the tickets. The Investigator did feel though that some of the communication Mr M had had with AESEL hadn't been clear and he had to call more times than necessary on 27 December 2022, to resolve the matter. Because of this, the Investigator said AESEL should pay Mr M £100.

Mr M didn't agree with the Investigator. He reiterated why he thought AESEL should reimburse him the cost of a new train ticket and other associated costs.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

What I've provisionally decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered everything available to me, I intend to uphold Mr M's complaint.

AESEL has stated that the account was blocked due to the direct debit having been returned as insufficient funds were in the account. It's said that the direct debit which attempted collection on 11 December 2022 was recorded as returned on 21 December 2022. And on 23 December 2022 the returned payment was automatically flagged to its credit department as part of its standard business practice and the account automatically suspended on 26 December 2022.

I can see AESEL told Mr M that his account had been suspended because the direct debit had been returned. And Mr M would need to make a replacement payment in order for the hold on the account to be removed. But Mr M had already made a payment to the account on 14 December 2022, 12 days prior to the block being placed on the account.

To me, the letter AESEL sent to Mr M suggests that a hold was placed on the account because AESEL thought Mr M hadn't made a payment – when he in fact had. The letter stated that to remedy the suspension, Mr M needed to make a payment, which he had already done. So, I can understand why Mr M was frustrated when his account was suspended. And in the circumstances of this complaint, I don't currently think it was fair of AESEL to block the account when Mr M had made the full payment by the payment due date.

Unfortunately for Mr M, the block was placed on a public bank holiday, so Mr M couldn't speak to anyone at AESEL to get the block removed on the day. He had to wait until the following day. Mr M says this caused him an inconvenience and extra cost because the suspension meant that he couldn't collect train tickets from the station – and had to rely on a member of his family coming to collect him and purchase new tickets.

I've thought very carefully about what Mr M has said about the financial losses he suffered as a result of what happened, and having done so, I won't be asking AESEL to reimburse Mr M these costs.

I accept that Mr M has said he couldn't collect the tickets from the station – and I can understand why he put this down to his account being suspended. But I don't think the account suspension is likely to be the cause of the issue. I say this because the payment for the tickets had already been made. Mr M's account had only been suspended for new transactions. The ticket collection wasn't a new purchase and so he should have been able to collect the tickets with the suspended card. The Investigator has asked Mr M to provide any evidence to support what he's said about the suspended card being the cause of the ticket collection issue, but he hasn't sent anything for me to consider. So, on balance, I can't agree the suspended account was the cause of Mr M not being able to collect the tickets. Because of this, I won't be asking AESEL to reimburse Mr M with this cost – or any of the associated costs Mr M has referred to.

I do agree though that AESEL has caused Mr M unnecessary inconvenience in having to resolve the issues he's had with the account. He's had to make two calls to have the account unblocked. And he's also been provided with misleading information during the course of him dealing with the matter. For this reason, I agree that compensation is due and I think £100 is fair in these circumstances."

Mr M responded to say that he would accept the decision to draw the matter to a close, however he stated that he still thought he'd lost out and that it would be difficult for him to prove his losses.

AESEL accepted the findings in the provisional decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Given that neither party have provided me with any new information or evidence, I see no reason to depart from the findings in my provisional decision. It follows that I uphold Mr M's complaint.

Putting things right

AESEL should put things right for Mr M by paying him £100 for any distress and inconvenience its actions have caused him.

My final decision

For the reasons set out above, I uphold Mr M's complaint. I order American Express Services Europe Limited (AESEL) trading as American Express to put things right for Mr M by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 March 2024.

Sophie Wilkinson
Ombudsman